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How Sweet It Isn't: Big Sugar Sours Trade Deal

About 8.4 million acres of Nebraska farmland are planted with corn. Just 49,000 acres are planted with sugar beets. This might explain why Nebraska is called the Cornhusker State and not, say, the Eat-Your-Beets State.

But if beets are a tiny portion of its agriculture, they are a big helping of its politics. Just ask GOP Rep. Tom Osborne. As he runs for governor, the former University of Nebraska football coach is undecided whether he will side with corn farmers, who support a free trade agreement with six Central American and Caribbean nations, or with sugar beet farmers, who oppose it.

The sugar industry — composed of beet farmers in places such as Nebraska and cane farmers in Texas, Louisiana and Florida — is determined to thwart the Central American Free Trade Agreement (CAFTA). Big Sugar's opposition is the main reason the pact, which is up for a vote in the coming weeks, is in peril in Congress despite efforts by President Bush, business and agriculture groups to drum up support.

It is also, perhaps, the single best argument in favor of the trade pact.

Big Sugar's opposition to CAFTA is based on the notion that consumers should be forced to pay wildly inflated prices. More broadly, it illustrates how opposition to major trade agreements often comes from industries that deserve the least sympathy.

The sugar industry wants to defeat CAFTA because it would increase sugar imports into this country by 109,000 tons per year. That's about 1% of consumption and would be absorbed by an anticipated 600,000-ton rise in demand over the next year.

Never mind that CAFTA would also slash by half the tariffs the six countries impose on agricultural products coming from the USA, or that it would open up new markets for telecommunications and high-tech companies.

The sugar industry says other farmers and other industries should suffer on its behalf. In return, it offers:

- **Inflated prices.** Americans pay two to three times the world prices for their sugar. This has caused some candy-makers to move overseas. In 2001, Chicago officials attributed the loss of 3,000 candy-making jobs in the city in part to inflated sugar prices.
- **Central planning.** The sugar industry is more a cartel than a business. The amount produced each year is set by the Agriculture Department. Exactly 54% comes from beets and 46% from cane. Each state and each processor is given a quota.

CAFTA, to be sure, raises other issues besides sugar. The textile industry is largely opposed to the pact. And anti-globalization groups are against it as part of their general opposition to trade liberalization.

But no other industry is so unwilling to see the positives of the trade pact. Even some textile interests support it on the grounds that the migration of jobs overseas is unstoppable, and it is better to send them to Central America than to Asia.

If CAFTA is approved, it will be a victory for the American Farm Bureau Federation and groups representing the wheat, potato, cattle and corn industries — and a big defeat for the coddled, subsidized sugar industry.

Wouldn't that be sweet?